

**WESTERN GRAY WHALE ADVISORY PANEL**

**WGWAP 4/INF.16b**

**4<sup>th</sup> Meeting**

**14 April 2008**

**Agenda Item: (11)**

**ENGLISH**

**OIL SPILL PREVENTION, PREPAREDNESS AND RESPONSE**

**Input and questions on the Oil Spill Task Force Report and on the Sakhalin I project**

**Submitted by Pacific Environment & WWF Russia**

April 14, 2008

TO: Western Gray Whale Advisory Panel  
International Union for the Conservation of Nature

FROM: Pacific Environment  
WWF Russia

RE: Input and Questions on the Oil Spill Task Force Report and on the  
Sakhalin I Project

Thank you for the opportunity to provide input to the Western Gray Whale Advisory Panel (WGWAP) in advance of its fourth meeting in Lausanne, Switzerland, April 22-25, 2008. We would like to share our concerns and present questions regarding the following topics associated with the 2007 Oil Spill Task Force Report, and with the Sakhalin I project:

- Lack of Oil Spill Task Force recommendations;
- Violation of commitments to international compensation convention;
- Properties of Vityaz crude;
- No approved oil spill plans for LNG plant and onshore pipelines;
- Emergency response exercises;
- Oil spills by contractors;
- Pipeline leak detection;
- Sakhalin I proposed pipeline.

**Lack of Oil Spill Task Force Recommendations:** According to the WGWAP Terms of Reference, one of the “*key tasks*” of the Panel is to “[p]roactively provide scientific, technical and operational recommendations it believes are necessary or useful for conserving the WGW population.” According to SEIC’s Health, Safety, Environment and Social Action Plan (HSESAP), the company commits to “*implement all reasonable recommendations from the WGWAP...*” Stakeholders including non-governmental organizations and potential lenders have stated that adherence to the recommendations is an extremely important test of the credibility of the WGWAP process.

Thus, it comes as a surprise to us that the Oil Spill Task Force Report contains *no recommendations*. The Report is replete with statements about how the Task Force *recognizes...reiterates...concur...agrees...discussed the need for...is concerned about...*, etc., regarding a variety of issues. Ambiguity about past WGWAP recommendations was an issue discussed and debated between the WGWAP and SEIC in the previous WGWAP-3 meeting. Now, the Task Force Report describes a number of new and ongoing concerns from which recommendations should have been stated, but were not, for example:

*The most important concerns pertained to worst-case scenarios, limitations to effective spill response imposed by adverse weather and winter ice, equipment maintenance and training schedules, some specific response techniques such as dispersant use and in situ burning, and the use of net environmental benefit analysis (NEBA). WGWAP has been particularly concerned about best- and worst-case response capabilities given the remote and difficult working environment along the northeast coast of Sakhalin.*

These and other concerns must obviously be addressed before oil spill prevention and response plans can be deemed adequate. Given this:

- What recommendations will the WGWAP now make based on these and other findings of the Oil Spill Task Force?

**Violation of Commitments to International Compensation Convention:** SEIC has committed in the HSESAP and in other documents to provide compensation for spills derived from tankers pursuant to international compensation conventions. Hence, it comes as a shock to us that the Task Force Report rather casually states:

*Tanker spills of Vityaz crude oil will not be covered by current international compensation conventions, which do not cover vessels carrying “non-persistent” oil. SEIC representatives assured the task force that the company would have adequate insurance to cover all compensation claims for spill-related damages from tankers and other sources, and costs of all responses and cleanup necessary to protect western gray whales and their feeding habitat.*

We request that the WGWAP:

- Provide us with the “assurances,” of adequate insurance that SEIC has provided the Panel;
- Inform us whether and why it apparently believes that SEIC’s renegeing on its previous commitments to international compensation commitments and its HSESAP is acceptable.

**Properties of Vityaz Crude:** The Oil Spill Task Force Report includes a summary of the main properties of Vityaz crude provided to it by SEIC. The Report also states that laboratory analyses and tests of Vityaz crude have been undertaken by SEIC. Given that assumptions of the properties and behaviour of Vityaz crude bear greatly on the adequacy of oil spill response plans and on the impact of SEIC’s renegeing of international convention commitments:

- Has the WGWAP been presented with the data and written results of the tests and analyses?
- Will the WGWAP recommend independent and transparent verification of SEIC’s analyses and tests?

- We request that IUCN provide us with copies of all documents referred to in the Oil Spill Task Force Report including those related to the properties, analyses and tests described in the Report.

**No Approved Oil Spill Plans for LNG Plant and Onshore Pipelines:** SEIC has committed to applying what it calls best international practice and complying with its HSESAP, which both require that approved oil spill response plans be put in place at least six months prior to first oil. However, the Oil Spill Response Task Force states rather casually that “... *two possible exceptions [to this requirement] involve the onshore pipeline and Prigorodnoye onshore LNG plant.*” Given the internationally accepted rationale for oil spill response plans to be approved and in place at least six months prior to oil production, and the importance of adequate oil spill response plans in this instance:

- Does the GWAP believe that SEIC’s violation of the HSESAP and international practice is acceptable?
- Will the GWAP recommend that first oil extraction and production be delayed until all oil spill response plans are approved, in accordance with the HSEAP and internationally accepted practice?

**Emergency Response Exercises:** The Oil Spill Task Force Report contains several references to emergency response team exercises, including that a “*team will conduct a river exercise in March 2008 [and] “[t]wo offshore exercises are planned in the near future, one in pancake ice conditions in mid December 2007 and the other in flowing mature ice conditions at the end of March or in early April 2008.*”

- Will the GWAP request SEIC to present documents reflecting the results of those exercises and to then make recommendations accordingly?

**Oil Spills by Contractors and Subcontractors:** The Oil Spill Task Force Report includes a section on oil spill command and control, which states:

*...SEIC representatives suggested that they have a sound working relationship with the authorities, and particularly with Emercom locally, and that environmental considerations included in the plans likely would be respected, although this could not be guaranteed. In support of this position, SEIC described a recent example of a non-SEIC spill in which the authorities asked SEIC to respond. A dredger, the Cristoforo Colombo, had spilled an estimated 50 tonnes of fuel oil. A unified command was established and, according to SEIC, worked well. The process was described by SEIC as improving the working relationship between SEIC and local authorities. In addition, SEIC and authorities have conducted regular command and control exercises, both desktop and in the field, including a 2006 trans-boundary exercise in Aniva Bay.*

SEIC’s claim that the Cristoforo Colombo incident was a non-SEIC spill is misleading. GWAP panel members may recall that the Cristoforo Colombo was contracted to perform work for the Sakhalin II project. Moreover, the unified command did not work well, as SEIC alleges. Despite earlier claims by Sakhalin Energy that its contractor for

oil spill emergency response, EcoShelf, operates twenty- four hours a day, it took nine hours for EcoShelf to arrive and conduct visual observation and more than 48 hours to transport necessary equipment to the site. According to Russian regulations, the spill should have localized the spill with equipment within four hours. As a result, a large oil sheen was released from the harbor into the Tatar Strait. Making matters worse, more fuel reportedly leaked from the Cristoforo Colombo on September 12th, long after Ecoshelf's arrival. Ecoshelf should have had sufficient control of the situation at that point to prevent further spillage. As a result, the Colombo spill coated six kilometers of shoreline, including a popular public beach, with toxic oil. Dozens of Kholmsk residents have gone to hospitals with headaches and respiratory problems. Given SEIC's misrepresentation of this track record:

- Does the GWAP feel comfortable with SEIC's representations of the adequacy of its oil spill response plans in practice on the Cristoforo Colombo spill?
- What recommendations will the GWAP make to ensure that SEIC is responsible for oil spills created by Sakhalin II project contractors and subcontractors?

**Pipeline Leak Detection:** The Oil Spill Task Force Report makes an important revelation that “[t]he leak detection systems used with the pipelines are capable of detecting leaks of 1% or greater. Hypothetically, a leak approaching 700bbl/d could go undetected by the leak detection system.” The Report also says that a “*pipeline [emergency exercise] team will conduct a river exercise in March 2008.*” The Report also describes its understanding of SEIC pipeline monitoring efforts to include monthly cleaning pigging and five year intelligent pigging. Given this:

- What recommendation will the GWAP make with regard to preventing and responding to a leak approaching 700bbl/d?
- Has SEIC appraised the GWAP with written documents with the result of the March 2008 exercise?
- Will the GWAP recommend that SEIC publicly disclose its monitoring reports and audits, including the results of its monthly pigging and five year intelligent pigging?

**Sakhalin I Proposed Pipeline:** We note the important references in the Oil Spill Task Force Report and previous GWAP and ISRP reports to the panel's finding that Pultun Bay is an area of high ecological importance providing essential nutrients for the adjacent feeding habitat of the Western Gray Whale. We note that “[t]he task force also agreed that, for a number of reasons, protection of Piltun Lagoon from oil spill impacts is a priority.” While the Task Force's cautions are welcome, they refer primarily to potential impacts from Sakhalin II, which is situated dangerously close to the Western Gray Whale feeding area. Therefore, we are doubly concerned about Exxon Neftegaz Limited's plans to build a north-east to south-west pipeline *crossing along the bottom of the widest part of Piltun Bay* using a trench method in the winter of 2008-2009.

Moreover, Exxon Neftegaz's plans include an ice bridge at a width of 30-60 meters to facilitate construction. It is assumed by the project planners that this ice bridge will melt by itself, although the ice in Piltun Bay only melts during the onslaught of summer sun. Consequently, this ice bridge will put the fish reserves and living ecosystem of Piltun Bay at great risk because the ice bridge will act as a dam, interrupting the water exchange between the Sea of Okhotsk and the large, northern part of the bay during the winter and spring of 2008-2009. Close to 2/3 of the bay will be isolated from sea water for several months. We believe that there may not be enough oxygen in the bay during the winter and spring months, and if the inflow of water from the sea is blocked, a die-off of fish, eel grass, and all other living things in the bay could occur. In addition, the dam will block spawning routes in the central and northern parts of the bay for a large number of fish species, including the Pacific salmon. We fear that this could lead to the loss of several thousand tons of fish and other species which are dependent on fish resources. Fishermen will also suffer, particularly members of the indigenous peoples of the North, who conduct their traditional livelihood on the bay.

We note that Sakhalin II project sponsors were compelled to re-route off-shore pipelines in part due to concerns about the original plan to directly cross feeding areas. Based on this precedent, and the ecological importance of Piltun Bay, environmental organizations are urging Exxon Neftegaz to re-route its proposed pipeline to avoid crossing Piltun Bay. Following an intervention by WWF and Sakhalin Environment Watch, Exxon Neftegaz recently announced that it will provide an opportunity for public comment and will hold a public consultation on this phase of project expansion later this Spring.

- Given the importance of this matter to the WGWAP, we urge the Panel to provide its concerns, and to recommend a re-routing of the proposed Sakhalin I pipeline around Piltun Bay through the comment period and consultation now being provided by Exxon Neftegaz.

Thank you again for the opportunity to provide input. We look forward to your responses to our questions.

Sincerely,

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